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ESTIMATE OF THE WORLD SITUATION

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 29 January 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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I. INTRODUCTION

1. The world situation in the past several months has been characterized by dramatic events and by an acceleration of the processes of change. It is still too early to judge whether the phase of rapid movement has for the time being ended. The main forces at work can be discerned, however, and are briefly summarized in the following introductory paragraphs. They are further discussed in subsequent sections of this estimate.

2. The increasing nuclear capabilities of the US and the USSR now powerfully deter both powers from risking general war. Broadening realization of this deterrent during the past few years contributed to a relaxation of international tensions. During recent months, however, events have appreciably renewed the sense of insecurity in the world and the fear that general war may occur through miscalculation.

3. The force of nationalism operates in unusual strength. Within the Sino-Soviet Bloc it has showed itself most conspicuously in the Polish and Hungarian outbreaks, for which the way was opened by de-Stalinization and the relaxation of controls. In the very different circumstances of the underdeveloped areas, especially in North Africa and parts of the Middle East, it is manifested in an almost fanatic desire to eliminate the special foreign privileges and influences associated with colonialism.

4. The desire of the peoples in underdeveloped countries for social and political opportunity and for the fruits of rapid economic development is a factor of great importance. To achieve such objectives, governments in these areas must obtain foreign assistance. Even with such assistance, however, most of these countries will find it difficult to divert from consumption enough resources to keep development programs moving ahead of population growth. The possibility therefore exists that some regimes may be driven increasingly to totalitarian measures to accomplish economic and social development, or that they may be overturned by extremist elements if they fail to achieve such development. The widely-advertised industrial advance of Sino-Soviet Communism will exert strong attraction as a pattern for achieving rapid economic progress.

5. The vigorous political and economic offensive of the USSR in underdeveloped countries has contributed to and profited from the existence of these political and social stirrings. The USSR has held out to those countries an alternative to Western patronage and has given them the opportunity of playing off the West and the Bloc against one another. By its courses of action in the Middle East the Bloc has extended its conflict with the West to a new area.

6. The continuing decline in the relative power position of Western Europe has been emphasized by the failure of the British and French in their Suez enterprise. Western European countries recognize that their security rests on alliance with the United States. They are, however, apprehensive at being thus involved in the consequences of the struggle between the US and the USSR, and there are fears that weapons developments may weaken US determination to come to Europe's defense in a crisis. There has been some reconsideration of the implications of the Atlantic alliance, and thinking for the long term is not yet crystallized.

7. Finally, one of the dominating factors of the time is the continuing effort of Soviet leaders to adjust the structure and ideology of the Bloc and of international Communism to the realities of the post-Stalin era. The re-

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laxation of police controls and the denigration of Stalin had far-reaching effects throughout the Communist world and beyond. As a result there has been some retreat from these policies. It is clear that the Soviet leaders are confronted with grave problems, and their attempts to solve these problems will have a profound effect on world developments.

II. TRENDS IN THE USSR

8. Some of the most significant developments of the past year occurred in the USSR itself. In the effort of the current Soviet leaders to cope with their internal problems by exposing and attempting to overcome the abuses of Stalin's system, forces have been unleashed with which the Soviet regime will have to reckon for some time to come. The attack on the dead dictator's historic role and on ideas associated with his authority have raised issues which tend to undermine the authority, and perhaps the unity, of the party. The repudiation of Stalin's terroristic practices and the actual limitations imposed on the secret police power have been followed by manifestations of discontent, especially in student and intellectual circles, against which the regime has already felt obliged to issue severe warnings. While there is apparently no serious threat to internal security, the regime has felt called upon to explain its position and to answer criticisms to an extent for long unknown. It is probably now determined not to make further concessions to the latent demand for greater political freedom, but it probably also recognizes that it could not revert to the more ruthless terrorism of the Stalin period without a serious deterioration in popular attitudes.

9. These developments will almost certainly create difficulties for the Soviet leaders in reaching collective decisions and pursuing them consistently. There will probably be occasional vacillation of policy. There are likely to be changes in the relative position and influence of the various members of the Presidium, but it is virtually certain that changes can be made without endangering the regime itself. Whatever disagreements may exist on such matters as internal economic policy or policy toward the Satellites, it is clear that the leadership is united on the maintenance and extension of Soviet military capabilities, the continuation of rapid industrial growth, the carrying on of the struggle against the non-Communist world, and the exploitation of opportunities for expanding Soviet influence, particularly in Asia and Africa.

10. The present leaders continue to give high priority to the rapid buildup of the USSR both as a national state and as the base for world Communism. They are obsessed with the idea of surpassing the US in economic, scientific, and military strength. Although difficulties and problems exist in some sectors of the economy, notably agriculture, over-all industrial production has expanded at an average rate of 12 percent annually for the past five years. While this rate of growth is unlikely to continue, the Soviet economy is now a highly developed one.

11. While precise estimates of the Soviet nuclear weapons stockpile cannot be made, we judge, from the amount of nuclear material available and from the extent of known development that this stockpile is now of formidable magnitude. Although Soviet delivery capabilities against the US are at present relatively limited, they are growing steadily. By 1960–1961 the USSR could acquire an initial operational capability in intercontinental guided missiles. Thus, although Soviet political difficulties have mounted, the USSR's military power continues to pose a grave potential threat to the peace and security of other nations.

III. TRENDS IN THE COMMUNIST WORLD

12. The efforts of the Soviet leaders to relax international tension and to lift the most obvious of the centralized controls of the police state had their greatest visible impact outside the USSR. Soviet authority over non-Soviet Communist parties, particularly the operation of Stalin's kind of controls over the other parties of the Bloc, had already been weakened by Stalin's death and by the less certain hands of his successors. These parties were then further shaken off balance by the Kremlin's repudiation of certain of Stalin's policies, in-

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cluding his Yugoslav policy, and above all by the drastic expose of Stalin's errors at the 20th Soviet Communist Party Congress. Moreover, the Soviet leaders recognized more clearly after the death of Stalin the need to reconcile the national sentiments and interests of other Communist states with Moscow's leadership of the Communist world. The open enunciation at the 20th Soviet Communist Party Congress of the doctrine of different roads to socialism was apparently intended to deal with these problems. This principle was seized upon in the Eastern European Satellites, and it encouraged a new flexibility in the Communist parties outside the Communist states. When combined with the expose of Stalinist errors and the relaxation of internal controls providing a new range for political expression, enunciation of this doctrine contributed to the unleashing of open opposition in Poland and Hungary. To the Communist parties outside the Bloc it appeared to remove past inhibitions on the expression of factional differences. The result has been a division within the Communist movement unknown since the 1920's.

13. A few Communist leaders outside the USSR have asserted that a fundamental reappraisal of Communist ideology is called for; some have left the party; other Communists are striving within the Communist movement to push their local organizations into more "independent" positions. On the other hand, the Soviet leaders and the leadership of most of the Communist parties outside the USSR continue to maintain that no fundamental revision is called for and that there can be no dilution of the principal of international Communist solidarity under Soviet leadership.

14. In the ideological discussions which have followed the developments in Eastern Europe, the Chinese Communist leaders have publicly reaffirmed that the Soviet Union is the leader of the Communist world. They have supported Soviet action in Hungary and have denounced Tito's elaboration of the concept of national Communism and different roads to socialism. While insisting upon the overriding necessity to maintain Bloc solidarity, the Chinese Communist leaders nevertheless appear to favor greater independence for the individual states within the Bloc and have endorsed Soviet acquiescence in greater autonomy for the Gomulka regime. Sino-Soviet ties will probably remain close during the next several years. Despite its growing strength, Communist China will remain dependent on the Soviet Union for heavy military equipment and for economic and technical assistance. The two regimes will continue to share a strong hostility to the West and a vital interest in each other's security. Within this framework Communist China will occupy an increasingly important role in the Sino-Soviet Bloc and will continue to exercise a large measure of independence as the operating arm of the Communist movement for the Far East.

15. The relations of Marshal Tito with the Soviet leaders have undergone a changing course and at the moment are delicately poised. During the first months of 1956, Tito's relations with the Kremlin became noticeably friendly, and steps were taken which appeared to lay the foundations for close cooperation on international issues. With the acceptance by Moscow of the doctrine of different roads to socialism, Tito apparently felt that the way was open for an orderly relaxation of Soviet control over the Satellites in which Yugoslavia could play an important part. Developments in Hungary, however, placed Tito in an awkward position. While supporting the principal of national independence, he was concerned lest the pace of developments would lead to the overthrow of Communism itself. He has deplored the Soviet resort to force in Hungary but he has refrained from an open break with the USSR. He apparently hopes that Moscow will return to the position which he believed it had adopted earlier in the year and which would permit the further development of national Communism.

16. Communists in the Satellite countries, even more than those in the USSR, reacted to the attempts of the Soviet leaders to relax controls. Most of the Satellite Communist leaders were subject to anti-Soviet pressures within their own parties as well as to widespread anti-Communism among the population. Moreover, in most of the Satellites, living standards had always been higher than

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in the USSR, opportunities for political expression less restricted, and Communist authority less securely established. In Poland and Hungary these facts, coupled with a breakdown in party unity, led to an acceleration of the reform movement to a point where Soviet interests were endangered, acutely so in Hungary.

17. By the beginning of November, the Soviet leaders faced a choice in Hungary between wholesale repression and the emergence of an anti-Soviet state which would probably also be anti-Communist. The latter outcome, in addition to its adverse effect upon the Soviet military position in Eastern Europe, would have severely damaged Soviet prestige and created an unacceptable precedent for the other Satellites. While now relying on military repression, the Soviet leaders would undoubtedly like to constitute a new regime which would not be dependent upon open Soviet military support but would be able to establish effective rule and satisfy Soviet requirements. If they are unable to do so, and if they are also to avoid virtual abandonment of the Soviet position of Hungary, they will be forced to undertake prolonged military occupation in the face of bitter Hungarian passive resistance.

18. For the present at least, the Soviet leaders have acquiesced to the Gomulka regime in Poland, but important elements of instability and uncertainty remain. Recent events have stimulated popular hope and expectations for improved living standards, greater freedom, broader contacts with the West, and a reduction of Soviet influence. The impossibility of soon satisfying all of these demands, particularly the difficulty of improving the economy, may lead to further popular unrest or may expose Gomulka to attempts at a counter-coup by Stalinist elements. Popular anti-Sovietism and the danger of outbreaks have been increased, moreover, by the Soviet repression in neighboring Hungary.

19. The same basic conflict between Soviet requirements and popular demands is present in the other European Satellites (including East Germany). Divisions within the other Satellite Communist parties have not developed to the same degree, nor are there good candidates in those parties for the role of Gomulka. Nevertheless, within all these Satellites popular anti-Soviet feeling has almost certainly been increased in the wake of events in Hungary. The harshness of Soviet repression and the lack of effective Western support for the Hungarians will discourage armed rebellion, but will probably not prevent anti-Soviet agitation and expressions of discontent.

20. The Kremlin has certainly been engaged in an intensive reappraisal of Soviet-Satellite relations as a result of these developments. The Soviet leaders are subject to conflicting pressures and are probably still undecided on an ultimate solution. For the immediate future they appear determined not to permit further relaxation of Soviet controls over the Satellites. Developments in Poland or a change within the Soviet leadership might even lead to systematic repression throughout Eastern Europe. In the long run, the forces at work within the Soviet empire will probably oblige the Soviet leaders to accept some redefinition of Soviet-Satellite relations based on reduced Soviet controls.

21. In the aggregate, we believe the Communist Bloc has been weakened both physically and psychologically. The military, political, and economic position of the USSR in the Satellite area has deteriorated and relations with Yugoslavia have been strained. The ideological and psychological leadership of the USSR has been impaired and the strength of Communism as an international movement has been diminished by organizational and philosophical turmoil.

IV. TRENDS IN THE WESTERN ALLIANCE SYSTEM

22. The system of interlocking regional pacts and bilateral arrangements built around the US and the UK to counter Sino-Soviet power has lost some of its vitality and cohesiveness. The North Atlantic alliance, which is by far the most important segment of this system, has been declining in vitality since 1954. The relaxation of tensions following the Summit

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Conference of 1955 took some of the urgency out of the alliance, and many of its European adherents began to advance the view that in its existing form and orientation it was out of step with the times. The danger of Soviet military aggression was believed to have greatly receded, and the reduced fear of war contributed to a rising popular and parliamentary reluctance to maintain military expenditures for NATO purposes. At the same time, because of the shift in the arena of conflict with the USSR to the underdeveloped areas, some of the NATO members urged that there should be closer coordination of their policies toward the areas in question.

23. An immediate effect of the abortive British and French military action in Egypt was to put new and serious strains upon NATO, and it stimulated, on the part of many of the NATO members, a fundamental reappraisal of NATO and of their respective national positions. Mutual confidence, particularly between the US and the UK, was impaired. There has been widespread criticism in Europe of the US, the UK, and France. The military posture of NATO, already weakened by the diversion of French and British forces outside Europe, has been further damaged by oil shortages.

24. Even before the closure of the Suez Canal and of the IPC pipelines, it appeared likely that the rate of increase in the industrial output and foreign trade of Western Europe would tend to slacken. This slowdown in industrial growth and trade expansion will be accentuated by the economic impact of Middle Eastern developments. In particular, the British will be hard hit by rising costs and by the increased dollar drain. If the canal should be blocked for a prolonged period or if traffic should be subjected to recurrent blockages and harassments, these difficulties would be substantially increased. In any case, European countries will probably try to free themselves from dependence upon the canal, and this will involve time and economic cost.

25. Whatever the outcome with respect to assuring the reopening of the canal and uninhibited passage through it, it is clear that the UK's political and economic position in the world has been further impaired. The decline of the British position in the Middle East and of the French position in North Africa, and the increased bargaining power of the new and underdeveloped states, foreshadows a further decline in the influence of Western Europe in world affairs. Moreover, in the longer run, Europe will almost certainly be faced with permanently higher prices for oil and a reduced assurance of ready access to it. The long-run effects upon the European economy will almost certainly be adverse and could lead to extensive economic readjustments. The effects on the British economy are potentially most serious, but greater dislocations are probable in France where the government has been largely incapable of overcoming persistent economic imbalances; Germany, on the other hand is likely to be competitively strengthened.

26. In addition to their effect upon intra-NATO relationships and upon Western Europe's economic prospects, recent events have profoundly affected Western European thinking about the USSR. Soviet willingness to use force in Hungary, the implied Soviet threat of attack upon Britain and France during the Suez crisis, and the continued Soviet drive for greater influence in the Middle East have re-aroused Western apprehensions of Soviet behavior and promoted a renewed sense of mutual dependence among the NATO members. On the other hand, Soviet difficulties in the Satellites, and particularly the acceptance of the Gomulka regime in Poland, have stimulated interest in the possibility of negotiating a gradual withdrawal of Soviet control in Eastern Europe generally.

27. Much Western European thinking about the problems and policies of the Atlantic alliance is still imprecise and includes contradictory elements. It will be some time before a clear pattern emerges. In the short term there is likely to be continuing pressure upon the principal NATO members to clarify the extent to which they are prepared to coordinate policy within the alliance. There will be increased pressure for re-examination of the military concepts embodied in NATO and of the problems presented by the growing Soviet nuclear capability. There will probably

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be a continuing trend toward a closer and more organized cooperation among the Western European countries. The UK has for some time been edging closer to the continent on matters of economic cooperation, and strong elements in France and Germany are trying to overcome the differences between them which have thus far impeded further growth of the six-nation European community. In general the Suez crisis has strengthened the political and economic motivations for closer intra-European cooperation, although formidable obstacles remain.

28. Over the longer run, developments might lead to arrangements that would replace or drastically modify NATO. For example, there has been discussion of subordinating NATO to a broad European security arrangement involving Eastern Europe and the USSR. The potential has long existed for developing new and broader arrangements designed to assure security for Western Europe; this potential has been given impetus by recent developments. Much will depend upon US and Soviet policies. If the USSR should give a persuasive indication that it might be prepared to withdraw its forces from Eastern Europe, the idea of encouraging this process by negotiating for a retraction of NATO is likely to become increasingly attractive. If, on the other hand, the Soviet leaders should clearly maintain a rigid position in Eastern Europe, and particularly if they should again use military force in one of the Satellites, Western European opinion would probably consider that the chances were negligible for a substantial revision of security arrangements.

29. Meanwhile, in the Middle East, the Baghdad Pact has been shaken and the Anglo-Jordanian treaty is virtually dead. The Balkan Pact has been inactive for some time as a result of Greek-Turkish differences over Cyprus and Turkish uneasiness over Yugoslavia's relations with the Soviet Bloc. There is greater stability in the Far East, where the regional and bilateral arrangements are based essentially upon US, rather than broad international, support. However, in some countries in the area there are local forces working against these arrangements, and they have not won widespread acceptance and approval among the free countries generally.

30. In particular, Japan's relationship with the US is likely to undergo considerable change. Japan is attempting to achieve a more independent position in world affairs. In this connection, the Japanese are becoming restive over restrictions upon trade, both with Communist China and the US, and they will become increasingly reluctant to withhold recognition of Communist China. They will probably seek changes in the security arrangements with the US, particularly with respect to US bases and forces. They will probably seek an agreement that in case of war the bases would be used only with Japanese concurrence. On the other hand, the Japanese still value their close relationship with the US, they remain distrustful of the USSR, and they would probably seek US protection if they thought themselves in danger of an attack which could not be avoided.

31. Throughout the world, the US will encounter increasing difficulty in retaining its overseas bases on terms assuring their availability and effectiveness in case of need.

V. PROBLEMS OF UNDERDEVELOPED AREAS

32. The withdrawal of Western authority from colonial possessions and the reduction of Western special positions in underdeveloped areas are trends which seem bound to accelerate. These trends are encouraged by the readiness of the newly-liberated states of Africa and Asia to lend strong political support to independence movements and to the various efforts being made to eliminate the special privileges gained by Western interests during the past century.

33. The emergence of new states often has been accompanied by an intense xenophobic nationalism which has frequently been coupled with antagonism toward the richer white peoples of the West. The drive for independence has also engendered expectations for political and economic development, social reform, and a rising standard of living and culture. In many of these countries semi-feudal elites are being challenged or displaced by new nationalist leaders. Almost all the

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governments of these states face severe problems in achieving political stability and economic growth. Some of them are in conflict with each other over regional interests and positions. Lack of experience in self-government, the shortages of skills and capital, and explosive population growth will complicate these problems.

34. Almost all the economies of the states in underdeveloped areas are heavily dependent, both in terms of national income and foreign exchange earnings, on the sale of one or two primary commodities to the advanced industrial countries. Western imports of primary commodities from underdeveloped countries have favored industrial raw materials, while imports of agricultural products have tended to lag. Western private foreign investment in underdeveloped areas has been almost entirely in response to industrial raw material requirements. Thus, these countries are extremely vulnerable to shifts in demand, to changes in the level of economic activity in the industrial countries, and to fluctuations in world market conditions.

35. Even under favorable market conditions for their raw material exports, few of the underdeveloped states have the financial resources required for attaining the economic development they want. Therefore, most of them are seeking external assistance to develop their economies and meet the aspirations of their peoples for improved living standards. A number of these countries are dependent on external assistance merely to maintain present standards of living. Since political stability in the underdeveloped areas is related to the progress of economic development, an increasing number of countries are likely to accept help from any quarter to dispose of their products and to develop their resources.

36. This situation provides an opportunity for the USSR and a challenge to the US. The rapidity and broad extent of Soviet scientific and industrial progress has had a considerable psychological impact upon underdeveloped countries. The Bloc has achieved considerable capacity for competing with the US for influence in these areas by economic means. It has already taken a variety of steps to this end in the form of loans, technical assistance, sales on attractive terms, and purchases of surplus commodities. The US and the USSR have different relative advantages and disadvantages in this competition. The US disposes greater resources, has superior technical knowledge in light industry, and more experience in providing assistance to underdeveloped areas. The USSR tends to benefit by the vulnerability of these countries to economic trends in the West and by its own capacity to absorb their surpluses into the Soviet economy. Moreover, in many of these underdeveloped countries, as in the USSR, there is a high degree of governmental participation in the economy, a circumstance which facilitates government-to-government trading. Thus far the USSR has gained prestige through the psychological impact of its initial and comparatively small efforts, but this prestige is unlikely to be sustained unless followed by continuing and larger increments of trade and assistance. The Bloc has the capability of doing this.

37. Despite such increased trade and assistance as these underdeveloped countries may obtain from the West, or from the USSR, there will probably be a rising political tension in many of these areas. This will derive not only from economic problems and unsatisfied material expectations, but from the widespread aspiration for self-government and national recognition, from racial tensions, and from problems of national cohesion.

38. *The Middle East.* The most important developments of the last two years in the Middle East have been the rise of Nasser as leader and symbol of renascent Arab nationalism and the Soviet initiative in exploiting this nationalism. The force of Nasser's example, coupled with energetic propaganda and proselytizing efforts, has enabled him to capture the imagination of the discontented Arab masses in the cities and refugee camps and to seize the leadership of revolutionary elements in their developing struggle against traditional elites throughout the Middle East. Young officer groups patterned on the Egyptian Revolutionary Command Council have already achieved dominant positions in Syria and Jor-

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dan, and widespread civilian opposition to the status quo exists beneath the surface in Iraq, Iran, and other countries. Nasser has even been able to win support from King Saud, the Imam of Yemen, and various other representatives of the old political order in the Arab world by virtue of his taking the lead in Arab opposition to Israel and to continued British and French dominance in the Arab states and North Africa, his ability to play on personal, group, and national rivalries in the area, and the apparent success of his policies.

39. The willingness of the USSR to supply arms, economic aid, and diplomatic support has for the first time enabled non-Communist Arab nationalists to look abroad for effective help in their efforts to eliminate special Western privileges and to settle scores with Israel. The Egyptian leaders, though themselves non-Communist and desirous of avoiding subjection to Soviet control, have accepted Soviet assistance and support and have encouraged Syria and others to do likewise. The actions of Nasser and his imitators have evoked widespread approbation throughout the Arab states. Even those conservative and moderate nationalist leaders who are alarmed by his provocative tactics have felt unable to oppose him. As a result, the last two years have witnessed a sharp decline in Western influence and in the position of political elements disposed to cooperate with the West, such as the Nuri Said regime in Iraq. Although the USSR has made notable gains in parts of the Arab world, the US has also won at least a temporary increase of prestige through its initiative at the UN. The Egyptian and Syrian leaders, and some elements in the other states as well, will probably strive to attain an independent position by developing ties with both the US and USSR and to prevent either from achieving a predominant position.

40. The Israeli invasion of Egypt and the Anglo-French attempt to seize the Suez Canal have further inflamed Arab national sensitivity, and have virtually destroyed the influence of the French and gravely impaired that of the British in the Arab world. The states of the area face a period of increased uncertainty and turbulence. It is a question whether governments with a fair degree of stability and a willingness to show reasonable regard for Western economic interests can soon emerge. This in turn depends in large degree on the appearance of leaders who, though nationalist, are courageous enough to oppose extremist political elements and at the same time able to satisfy the aspirations of their people for independence and economic progress. In any case, the existence of Israel will continue to be a basic irritant, and it will be some time before Arab leaders feel able to abandon a violent anti-Israeli position and to negotiate a settlement of outstanding Arab-Israeli issues.

41. *Non-Communist Asia.* British influence in the Asian Commonwealth countries has suffered a serious blow as the result of military intervention in Egypt. Although the present leaders in these countries probably will not sever their British ties, the concept of the Commonwealth as a bridge between the European and Afro-Asian countries and peoples has been weakened. India will continue to exert a neutralist influence throughout the area and there is little prospect of any marked change in India's foreign policies so long as Prime Minister Nehru remains politically active. The Kashmir dispute will continue to disturb Indian-Pakistani relations, although a resort to arms seems unlikely. In both countries, economic difficulties are serious, and development plans are unlikely to be fulfilled without large increments of external aid.

42. The Asian countries allied with the US have attained modest success in building their military and economic strength, but their stability will remain heavily dependent on continued US assistance. Most of these countries — particularly Thailand, Pakistan, and the Philippines — will display increasing national sensitivity in their relations with the US and seek a greater voice in US programs affecting them, but they probably will continue to support the US lead on international policy. Over the long run, the international position of the Chinese Nationalists will almost cer-

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tainly continue to decline, and their will and ability to maintain their position on Taiwan rests on US guarantees and assistance.

43. The Southeast Asian governments will continue to be confronted by deepseated political, racial, and social problems — including the presence of large overseas Chinese communities of uncertain loyalties — which are likely to prevent any rapid improvement in their stability. These internal difficulties will be compounded by the rapid economic growth and increasing influence of Communist China. Throughout non-Communist Asia, there is a growing realization that Communist China is now the major Asian power and a feeling that it would be wise not to defy Peiping or to rebuff its overtures.

44. *Africa.* Except in North Africa, nationalist movements in Africa are not as advanced as in the Middle and Far East. In Tropical Africa, relations between the existing colonies and dependencies and the European metropoles are likely to be transformed in varying ways and degrees over the next decade. Particularly in areas under British control, and to a lesser degree in French Africa, there is likely to be a rapid emergence of new native states. If the European powers implement liberal colonial policies, they probably still have sufficient time to exert a moderating influence on nationalist movements, but in any case they will have to contend with Soviet and Egyptian efforts to exploit racial tensions and to channel nationalism in an anti-Western direction.

45. In North Africa, the problems are more urgent. The Algerian revolt continues, and the French position has been further weakened by events in the Middle East. Sooner or later, the French will be obliged to grant virtual independence to the Algerians, and so long as they refrain from doing so their relations with Tunisia and Morocco will be under severe strain. The three North African territories will presumably remain heavily dependent upon France in economic matters, and although they will make efforts to reduce that dependency, there will be a continuing need to retain some ties with France. Nevertheless, the present moderate leadership in Tunisia and Morocco is under great pressure from radical elements to diminish these ties. The continuance of fighting in Algeria poses a threat of a spread in the conflict over the entire area.

46. *Latin America.* US prestige in Latin America is high despite nationalist pressures. Economic development, generally abreast of population growth, will probably continue to be more rapid than in other underdeveloped areas. Unrest arising from the development process and from the failure to meet increasing popular expectations will be serious in some countries, but will not in itself pose a serious challenge to the US position. Latin America will almost certainly continue to support the US in its relations with the Soviet Bloc. Nevertheless, Latin Americans will almost certainly resent the continued subordination of economic assistance to Latin America to what the US regards as the more urgent problems of other areas.

VI. LIKELIHOOD OF WAR

47. In the situations existing in Eastern Europe, the Middle East, and elsewhere, it is apparent that conflicts could break out in which the great powers could become directly or indirectly involved. We continue to believe that the USSR is unlikely deliberately to initiate general war. However, the risk of war coming through miscalculation continues to exist, and the opportunities for such miscalculation have been increased in the unstable situation resulting from recent events in Eastern Europe and the Middle East.

48. The situation in the Satellites, and particularly in East Germany, poses such a potential danger. If open revolt again broke out in Eastern Europe, the sensitiveness of the USSR to any Western moves would become acute. For example, if an outbreak should occur in Poland, it would increase the already existing chance of an uprising in East Germany. Should the latter occur, there might be spontaneous efforts by the West Germans to aid the East Germans. In the Berlin enclave there would be danger of clashes between Western and Soviet forces as the latter moved to prevent West Berlin from becoming a base for supporting the rebellion.

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49. There would be a large number of variables in any such situation, and these variables open the way for mistakes and miscalculations which could convert an uprising into an international conflict. Nevertheless, we believe that — even if the potential for revolt should flame into actuality — the principal powers will make a major effort to prevent the development of a general war, or even a large-scale local conflict. NATO and the governments of the US and West Germany have indicated strongly that they would not intervene with force in the Satellite area. The USSR, confronted with its own internal problems and with widespread hatred among Satellite populations, has every interest in preventing even a large-scale local conflict from developing. Recent events have not basically altered the over-all strategic situation, and the Soviet leaders almost certainly continue to believe that the danger to Soviet survival remains great if general war comes.

50. We cannot exclude the possibility, however, that the Western governments might take steps which appeared to the USSR to portend active exploitation of rebellion. Such steps might take a form which, together with other related pressures such as domestic disturbances, might cause the Soviet leaders to feel that the security of their regime was at stake and to assume the risks of a wider conflict.

51. Outside of Europe, the most obvious threat to peace lies in the still unresolved conflicts in the Middle East. Issues such as those concerning the Gaza strip, the Suez Canal, the Israeli frontiers, and the status of Syria and Jordan are likely to continue for some time. Moreover, the proclivity of the various Arab states for interfering in one another's internal affairs, social and political pressures within the Arab states, the congenital weakness of their governments, and the added stresses generated by Soviet activities, all contain the seeds of conflict.

52. As a result of Soviet efforts to exploit such situations, already exemplified by Moscow's provision of arms and diplomatic support to Egypt and Syria, local conflicts in the Middle East will increasingly involve Western and Bloc interests. In the event of an actual outbreak of local hostilities, the USSR would probably be prepared to extend considerable support in order to prevent the downfall of those Arab leaders aligned with it. However, the USSR would almost certainly seek to avoid going so far as to incur serious risk of general war. In addition, it is probable that there would be strong pressure in the UN to halt any conflict which might break out and threaten to expand into general war.

53. In the Far East, relative stability exists despite unresolved disputes, largely as a result of US commitments to governments in especial danger. Although Communist China remains determined to obtain Taiwan and will continue to seek to extend its influence in other non-Communist areas of Asia, it will probably refrain from overt military operations to attain these ends so long as it believes that such action would involve a serious risk of war with the US.

54. The United Nations, by its actions in the Suez crisis, has enhanced its standing as an instrument for preventing, halting, or limiting international conflicts. For example, when a country is prepared to compromise rather than to fight, the UN will provide a means of doing so with less loss of prestige. In most cases, however, the UN will probably be able to halt fighting only when the US and the USSR are agreed on such an outcome. The smaller powers will almost certainly continue to use the UN as a means of bringing pressure upon the greater powers on questions of colonialism and world peace.

55. Wherever unresolved conflicts exist, wherever populations are caught in or are exploiting the differences between the great powers, or wherever people are simply trying to assert their own independence and national aspirations, there are potentialities for the development of local conflicts which could spread more widely. In all of them there is the possibility of Soviet or Chinese Communist involvement. We believe that it will generally be the policy of the Soviet and Chinese Communist leaders to avoid a direct conflict,

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to shift the arena of conflict from one area to another when effective resistance is encountered, and to continue to build up strength and to cultivate an appearance of invincibility. Only if they believed that Western courses of action, if not countered, would threaten the survival of their regimes would the Soviet and Chinese Communist leaders deliberately undertake extreme risks of major war.

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